
Strategic Positioning

Objectives

- Define strategy
 - Discuss the nature of strategic positioning
 - Introduce the merits of strategic planning
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What is Strategy?

At general management's core is *strategy*:

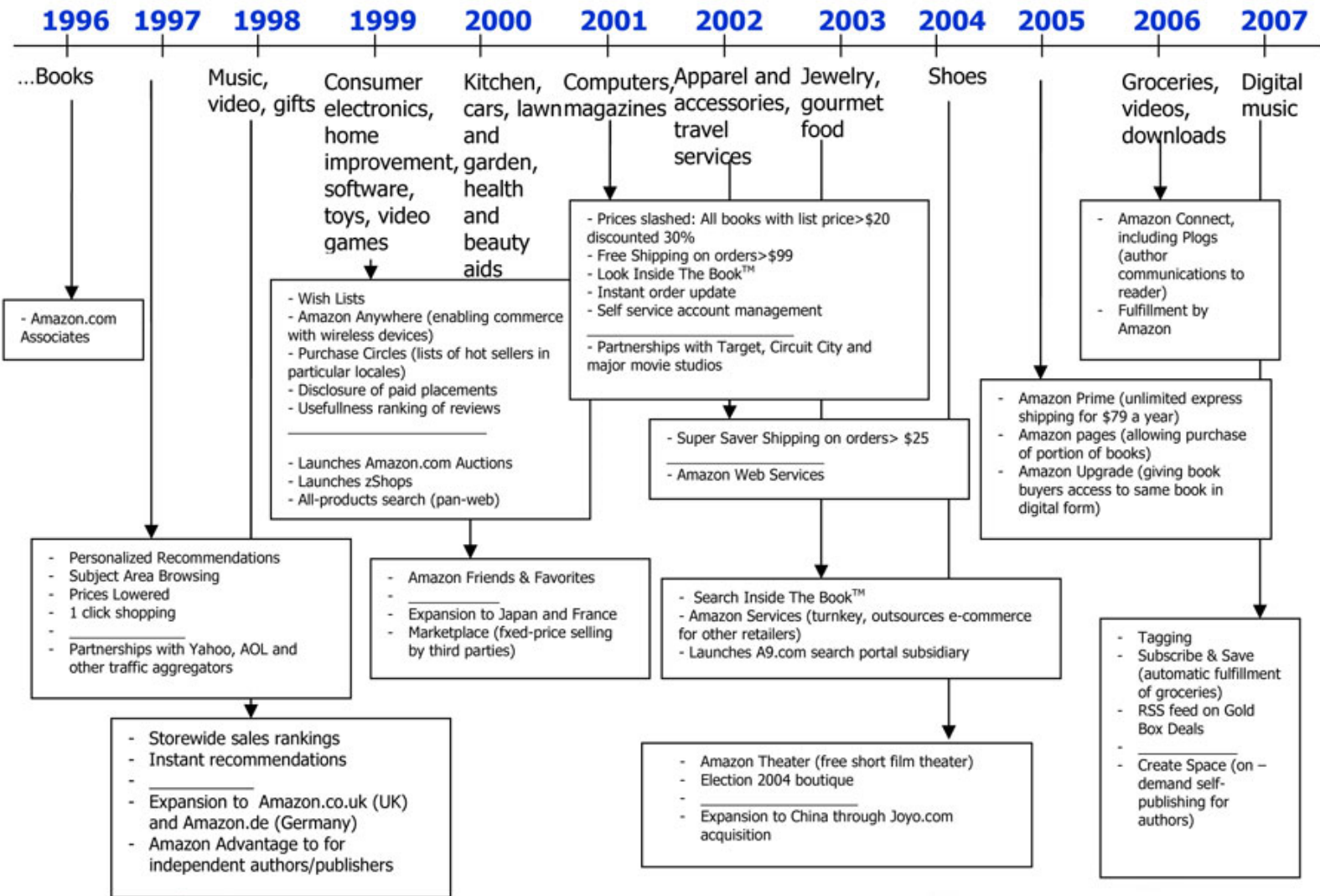
- Defining a company's position
 - Making trade-offs, and
 - Forging fit among activities.
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Principle #1 of Strategic Positioning

- Strategy is the creation of a unique and valuable position, involving a different set of activities:
 - Serving few needs of many customers
 - Serving broad needs of few customers
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Principle #2 of Strategic Positioning

- Strategy requires you to make trade-offs in competing to choose what *not* to do.
 - You cannot be all things to all people.
 - Focus on developing a solution and a brand that is meaningful and consistent to customers.
 - Emphasize serving one market well and explore growth opportunities later.
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Principle #3 of Strategic Positioning

- Strategy involves creating a “fit” among a company’s activities.
 - Company activities must interact and reinforce one another
 - Wal-Mart’s low cost is supported through minimal personalized customer service and limited ambiance in its stores
 - Nordstrom’s higher cost are consistent with personalized service
 - Fit drives competitive advantage and sustainability
 - Competitors struggle to imitate well-developed activities
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Strategic positioning should uncover new opportunities

- Strategic Positions
 - Are often not obvious, and finding them requires creativity and insight.
 - Entrepreneurs often discover unique positions that have been available but simply overlooked by established competitors.
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Summary

- Strategy is the creation of a unique and valuable position
 - Strategy requires you to make trade-offs in competing to choose what *not* to do
 - Strategy involves creating a “fit” among a company’s activities
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